G R S 59]

GENERAL AND REVENUE SECRETARIAT

1913-14
(Municipal)

File No. 148 of 1910

Serial Nos. 12 & 13

Papers Filed.

Month November 1913

SUBJECT
- Copies of Resolution of the Govt of United Provinces in the Mil Deptt No 654-X 700 D. dated 7-11 Jan

PREVIOUS REFERENCES	LATER REFERENCES
H Sikkenstad	

G.E.S 11] 1910. 11

GENERAL AND REVENUE SECRETARIAT

(Municipal

NOTES.

148

File No. 10

File Heading

Abolition or modification of Octroi taxation in the municipalities of the State

From The Secretary to the Hon'ble the Resident in Mysore

No 2809 Dated 10 5- 1911 Received 10 5- 1911

Diary No 281	Enclos 10	Spare Copies	Serial No.

Brief Abstract of Letter.

Forwards for information 5 copies of a resolution of the Govt of the United Provinces in the Rev Dept-No 654-XI 100 D 8 7 3 11 Containing orders for the abolition of octroi in 42 Municipalities in the Province and also 5 copies of a Circular letter No 899 & 25 3 1911 issued by the same Govt Containing some General observations on the subject of Municipal taxation.

NOTES AND ORDERS

Submitted for perusal and orders These may with advantage be circulated among the Dy Comrs and Presidents of Municipalities.

Notes—First sheet

17.5 11 a complete file should be in the Secretariat

Separately 1M 425 9/11 on P10

GPB—15.000-24-4-09

Secretariat

Spare copies, may be circulated to the Municipalities

G.R.S. 12]
General and Revenue Secretariat

File No. 148 of 1910

Serial No.

4 Memorandum are sent to Deoria for perusal.

26.9.11

5. One set of these orders was sent to the Deoria on 30.8.11 with D.O. No 192 of 10-11

6 Please keep a complete file as directed by the Hon'ble

27.9.11

28-9-11

7 A copy of the report of the Municipal taxation Committee, United Provinces, together with a copy of the resolution of the Govt. of the United Provinces and of Government is placed with below.

8 Draft D.O. memo forwarding a set each for the information of the two City Municipal Councils and of the Municipal Councils at the other Dist. Head Quarters towns

Note—Contin sheet.

GPB—50,00+—12-8-10

G. R. S. 12]
General and Revenue Secretariat

Jud File No. 1148 of 19 10

2310

Serial No.	
	cf also Rules
	Issue - 11.10.[illegible] 13-10-11
13.	Office memo no 29998, 27.10.[illegible]. Circulates among the Dist. Head Qrs. number the Report in question of the Dist. of the Garh of the United Provinces, Ireland. The book has been received back after circulation. The may be filed. 12.11.[illegible] 13 7 16/11

Note—Contn. sheet.

IV No 2809 Rel. 1850
10-5-11 2—10 Dt 10-5-11

FROM

P B WARBURTON, Esq., I C S.,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

2203 — 7-5-10

D M 81

To

The Dewan of Mysore.

Rel 148-10/dlr

Dated Bangalore, 10th May 1911

SIR,

No 2897 9-05-10 Rev Bor Report No 3697 09-10

In continuation of this office letter No.6798, dated the 16th October 1909, I am directed to forward herewith for the information of the Durbar 5 copies of a resolution of the Government of the United Provinces in the Municipal Department No.654-XI.700-D., dated the 7th March 1911, containing orders for the abolition of Octroi in 42 Municipalities in the United Provinces as a result of the enquiry into Municipal taxation.

2. I am also to forward 5 copies of a circular letter No.899, dated the 23rd March 1911, issued by the Government of the United Provinces, containing some general observations on the subject of Municipal taxation.

I have the honour to be,
Sir,
Your most obedient servant,

First Assistant Resident.

K.M.
9.5.11.

R.O 2—R.P B.—5-1911.—1,000.

2

Cur to put 148-U
8/12

No 654—XI/700D

RESOLUTION.

MUNICIPAL DEPARTMENT

Dated Allahabad, the 7th March 1911

READ—

Municipal department resolution no 8502—XI- 700D dated the 7th October 1908 appointing a Committee to examine the question of municipal taxation in this province with the report of that Committee

READ also—

Letter no 2468 dated the 18th August 1909 to the Government of India forwarding with certain suggestions the Committee s report and the orders of the Government of India on that letter

OBSERVATIONS —It is unnecessary to recapitulate the considerations which led the Lieutenant Governor to appoint a Committee to examine the subject of municipal taxation with particular reference to the question whether the total abolition of octroi in this province was possible The Committee was enjoined to consider the following points —

(1) What were the portions of the existing octroi rules and of the schedules of the several cities which acted most as hindrances to trade and to the business of the locality ?

(2) Was it possible wholly to abolish octroi and what should be substituted in that case as the general basis of municipal taxation ?

(3) Should the total abolition of octroi be impossible, what could be done to remedy existing defects —

(a) by the withdrawal of octroi from specified towns,

(b) by the revision of schedules and

(c) by amendments in procedure

2 The report of the Committee has already been published It confirms the doubt which the Lieutenant Governor had as to the suitability of octroi as a municipal tax at the present time in this province The system is fully described in section III of the report, and its advantages and disadvantages are set out in sections V and VI The conclusion accepted by all the members is briefly that the system of octroi taxation should be abolished at almost any cost It is true that in section XIV the Committee considered the improvements which might be effected in the system, but they decided that whatever was possible in this direction could only make the tax slightly less oppressive than it is and that in the refund procedure—a part of the system that most needs reform—no practical amendment of any value can be effected

3 In this conclusion Sir John Hewett fully agrees and it appears to him to be established beyond doubt that octroi is not a suitable tax for towns in this province Indeed the delays, troubles and expenses incidental to its collection the opportunities for malpractices that arise the heavy cost and the other economic objections to such a tax combine to make it the worst of means for raising a revenue for municipalities

4 It remains now to consider in what manner effect can be given to the proposals made by the Taxation Committee in their report Mention has already been made of suggestions for amendment in the existing procedure action has been taken from time to time to give effect to these suggestions by altering rules relating to octroi in the Municipal Account Code or by specific directions issued

by the Government. It is however not this part of the Committee's work that the Lieutenant Governor now desires to examine The more important question dealt with in the report is the actual abolition of octroi The Committee investigated the cases of 89 municipalities of which two have since been converted into notified areas, while octroi is not in force in 13 In the remaining 74 the Committee recommended that octroi should be abolished In 30 the main substitute suggested was a terminal tax and in the 44 towns mentioned below it was proposed to substitute direct taxation —

Deoband, Roorkee, Muzaffarnagar, Kandhla, Kairana, Ghaziabad, Sardhana, Bulandshahr, Sikandrabad, Khurja, Sikandra Rao, Atrauli, Kosi, Firozabad, Mainpuri, Etah, Soron, Jalesar, Kasganj, Bijnor, Chandpur, Dhampur, Nagina, Najibabad, Amroha, Sambhal, Bisalpur, Fatehpur, Lalitpur, Mau Ranipur, Orai, Kalpi, Kunch, Ghazipur, Azamgarh, Almora, Rae Bareli, Sitapur, Khairabad, Sandila, Nanpara, Sultanpur, Bela (Partabgarh) and Nawabganj (Bara Banki).

The question of a terminal tax raises large questions of principle and issues which are still under consideration by the Government of India Pending their decision no action is possible in the case of the 30 towns in which the Committee proposed it should be levied There is, however, no reason to delay the abolition of octroi in those towns where it can be replaced by direct taxation, and steps will accordingly be taken to give effect to the Lieutenant Governor's decision

5 Of the 44 towns enumerated above Sardhana and Mau Ranipur need not here be considered The board of the former place of its own initiative has obtained sanction to replace octroi by a tax on circumstances and property, and proposals have already been made for the imposition of the same tax in the town of Mau on its separation from Ranipur In respect of the other 42 towns the Committee in appendix D of its report made definite suggestions for the manner in which the income hitherto obtained from octroi could be secured by other means of taxation The Lieutenant-Governor is not prepared to say that those proposals are in all respects complete or suitable but he has no doubt that an adequate income could be obtained from some form of direct taxation It must be distinctly understood that octroi will be abolished in these towns His Honour trusts that each board will agree with him as to the necessity for this step, but in the event of any board refusing to take action itself the Lieutenant-Governor would be regretfully compelled to make use of the statutory power conferred on him by section 66 of the Act It only remains therefore to consider the most suitable means of replacing the octroi income Each of the 42 boards should at once proceed to frame proposals to this end The Lieutenant Governor considers that a period of six months will be sufficient for this purpose, and the boards are requested to submit their proposals before the end of September 1911

6 Several changes have recently been made tending to stimulate the reality of local self government and it is with great reluctance that Sir John Hewett has thought it necessary to bring to the notice of municipal boards their duties in the matter of taxation in this forcible manner His Honour is however so firmly convinced of the absolute unsuitability of octroi and of the great need of getting rid of it as a form of municipal taxation that he feels, where a board is unable to agree in this view and to take action itself to remove octroi, that the Local Government should take the matter into its own hands and eliminate from the system of municipal taxation a tax which, after an exhaustive enquiry, has been demonstrated to be objectionable and unsuitable

ORDER.—Ordered that this resolution be published in the *United Provinces Government Gazette* for general information and communication to Commissioners of divisions, District Officers and Chairmen of municipal boards

By order of the Hon'ble the Lieutenant-Governor,

R. BURN,

Secretary to Government, United Provinces

No 654—XI/700D

RESOLUTION.

MUNICIPAL DEPARTMENT

Dated Allahabad, the 7th March 1911

READ—

Municipal department resolution no 3502—XI- 700D dated the 7th October 1908 appointing a Committee to examine the question of municipal taxation in this province with the report of that Committee

READ also—

Letter no 2468 dated the 18th August 1909 to the Government of India forwarding with certain suggestions the Committee s report and the orders of the Government of India on that letter

OBSERVATIONS —It is unnecessary to recapitulate the considerations which led the Lieutenant Governor to appoint a Committee to examine the subject of municipal taxation with particular reference to the question whether the total abolition of octroi in this province was possible The Committee was enjoined to consider the following points —

(1) What were the portions of the existing octroi rules and of the schedules of the several cities which acted most as hindrances to trade and to the business of the locality ?

(2) Was it possible wholly to abolish octroi and what should be substituted in that case as the general basis of municipal taxation ?

(3) Should the total abolition of octroi be impossible, what could be done to remedy existing defects —

(a) by the withdrawal of octroi from specified towns,

(b) by the revision of schedules and

(c) by amendments in procedure

2 The report of the Committee has already been published It confirms the doubt which the Lieutenant Governor had as to the suitability of octroi as a municipal tax at the present time in this province The system is fully described in section III of the report, and its advantages and disadvantages are set out in sections V and VI The conclusion accepted by all the members is briefly that the system of octroi taxation should be abolished at almost any cost It is true that in section XIV the Committee considered the improvements which might be effected in the system, but they decided that whatever was possible in this direction could only make the tax slightly less oppressive than it is, and that in the refund procedure—a part of the system that most needs reform—no practical amendment of any value can be effected

3 In this conclusion Sir John Hewett fully agrees and it appears to him to be established beyond doubt that octroi is not a suitable tax for towns in this province Indeed the delays, troubles and expenses incidental to its collection the opportunities for malpractices that arise the heavy cost and the other economic objections to such a tax combine to make it the worst of means for raising a revenue for municipalities

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by the Government. It is however not this part of the Committee's work that the Lieutenant Governor now desires to examine The more important question dealt with in the report is the actual abolition of octroi The Committee investigated the cases of 89 municipalities of which two have since been converted into notified areas, while octroi is not in force in 13 In the remaining 74 the Committee recommended that octroi should be abolished In 30 the main substitute suggested was a terminal tax and in the 44 towns mentioned below it was proposed to substitute direct taxation —

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The question of a terminal tax raises large questions of principle and issues which are still under consideration by the Government of India Pending their decision no action is possible in the case of the 30 towns in which the Committee proposed it should be levied There is, however, no reason to delay the abolition of octroi in those towns where it can be replaced by direct taxation, and steps will accordingly be taken to give effect to the Lieutenant Governor's decision

5 Of the 44 towns enumerated above Sardhana and Mau Ranipur need not here be considered The board of the former place of its own initiative has obtained sanction to replace octroi by a tax on circumstances and property, and proposals have already been made for the imposition of the same tax in the town of Mau on its separation from Ranipur In respect of the other 42 towns the Committee in appendix D of its report made definite suggestions for the manner in which the income hitherto obtained from octroi could be secured by other means of taxation The Lieutenant Governor is not prepared to say that those proposals are in all respects complete or suitable but he has no doubt that an adequate income could be obtained from some form of direct taxation It must be distinctly understood that octroi will be abolished in these towns His Honour trusts that each board will agree with him as to the necessity for this step, but in the event of any board refusing to take action itself the Lieutenant-Governor would be regretfully compelled to make use of the statutory power conferred on him by section 66 of the Act It only remains therefore to consider the most suitable means of replacing the octroi income Each of the 42 boards should at once proceed to frame proposals to this end The Lieutenant Governor considers that a period of six months will be sufficient for this purpose, and the boards are requested to submit their proposals before the end of September 1911

6 Several changes have recently been made tending to stimulate the reality of local self government and it is with great reluctance that Sir John Hewett has thought it necessary to bring to the notice of municipal boards their duties in the matter of taxation in this forcible manner His Honour is however so firmly convinced of the absolute unsuitability of octroi and of the great need of getting rid of it as a form of municipal taxation that he feels, where a board is unable to agree in this view and to take action itself to remove octroi, that the Local Government should take the matter into its own hands and eliminate from the system of municipal taxation a tax which, after an exhaustive enquiry, has been demonstrated to be objectionable and unsuitable

ORDER.—Ordered that this resolution be published in the *United Provinces Government Gazette* for general information and communication to Commissioners of divisions, District Officers and Chairmen of municipal boards

By order of the Hon'ble the Lieutenant-Governor,

R. BURN,

Secretary to Government, United Provinces.

4

No $\frac{899}{XI-700D}$ of 1911.

From

THE HON'BLE MR R BURN,

SECRETARY TO GOVERNMENT,

UNITED PROVINCES,

To

ALL COMMISSIONERS OF DIVISIONS,

UNITED PROVINCES

Dated Allahabad, the 23rd March 1911

SIR,

MUNICIPAL DEPT

I AM directed to invite attention to resolution no $\frac{654}{XI-700D}$, dated the 7th March 1911, in which the intention of the Lieutenant Governor has been declared to abolish octroi in those municipalities in which the Municipal Taxation Committee considered that it could be replaced by direct taxation It was there suggested that the Government could not endorse all the detailed conclusions of the committee on the subject of particular taxes, and I am now to explain for the information and guidance of the boards which will soon be engaged in considering the best means of replacing octroi what views are held by the Government on the suitability of the various forms of direct taxation

2 The Municipal Taxation Committee considered that the best general substitute for octroi in the smaller towns was a tax on trades and professions, and specifically recommended its introduction in a number of places The particular form of the tax which they recommended is not that which has hitherto been in force in this province The tax, as the name implies, would seem to be in theory intended as a tax on certain professions and trades which for particular reasons might be held justly liable to contribute specially to the municipal income In some cases the tax has been imposed as a virtual composition for octroi on particular commodities, in others as a countervailing excise on articles subject to octroi which are produced within the municipality Where octroi is not in force the tax appears to have been usually treated as a kind of income tax

3 The Municipal Taxation Committee recommended that this tax when imposed should not be confined to what are generally understood as the professional and trading classes They considered that all residents of the municipality, whether traders, salaried servants, gentlemen of private means, zamindars or others, should be subject to the same rules In other words, while the tax was to be described as a tax on professions and trades, its scope was to be identical with that of a tax on circumstances and property, and it was only to differ from the latter in the method of assessment The method of assessment proposed has been carefully examined by the Government, and the conclusion reached is that it is unsuitable and impracticable In the first place it is proposed that the board should fix the amount to be recovered from each trade It is suggested that at first the octroi returns should be used as a guide but they would soon be out of date and the board would then be left with no

principle, no scale and no percentage on which to work The board would be at liberty to impose on a trade any tax it pleased The danger that excessive taxation would be imposed is perhaps not real, but it is extremely probable that the amount fixed would become stereotyped, inasmuch as it could only be charged in an arbitrary manner Moreover the difficulty of fixing the amount of the tax, serious enough in the case of trades, would be still more intensified in the case of the other classes which are to be included Besides this initial objection it has been found impossible to work out any satisfactory rules for assessing such a tax on the lines proposed by the committee, and the Government is forced to the conclusion that the idea of such a tax must be abandoned as impracticable

4 If any tax of this nature is to form the principal substitute for octroi in any town it must be a tax on circumstances and property This has at least the advantage of containing a definite principle Persons are taxed at a stated percentage on their incomes It is true that the actual assessment lends itself to abuses and that the amount of a person's income is usually a matter of guess work The difficulty of assessing the tax with any approximation to fairness increases in proportion to the size of the town, and the Government would only be prepared to sanction this tax in a small place where the circumstances of individuals are known to everybody

5 The only remaining direct tax which could supply the place of octroi is the house tax This was on the whole condemned by the Municipal Taxation Committee mainly on the ground of its special unpopularity That the tax is unpopular may be admitted That the unpopularity is due to anything inherent in the nature of the tax is extremely doubtful It shares the unpopularity which attaches to all direct taxes, and being almost the only form of direct taxation known in the larger and more articulate municipalities, the feeling against direct taxation in them is concentrated against the house tax It does not appear to have been realized by the committee that a house tax is not a tax *sui generis*, but is merely a rough kind of income tax The theory is that the value of the house in which a person lives is some indication of his circumstances It is true that in India, and particularly in the less prosperous towns, the facts often do not correspond to this theory But the question to be decided in each case is whether this admittedly rough guide to a person's circumstances is more or less satisfactory than the attempt to estimate his income directly as is done in the tax on circumstances and property To suppose that a house tax is a tax on real property, that the house is "available as security for the municipal claim on the occupier,' or that arrears of this tax alone can be recovered by distraint indicates a misconception of the facts Arrears of any tax imposed under the Act can be recovered by the distress and sale of movable property and movable property alone Nor does there seem to be any special reason why a house tax should particularly affect rents If a certain burden has to be imposed by direct taxation it seems to make no difference whether it is imposed in the form of a house tax or a tax on professions and trades or a tax on circumstances and property The general conclusion therefore is that the question

of imposing a house tax should be looked upon from the point of view of whether it is or is not the most equitable method of assessing the liability of the people of the town So far as the assessment of the actual tax itself is concerned it is hoped before long to modify the law so as to remove the existing inequality between houses which are occupied by their owners and houses which are rented The rate at which the tax would have to be imposed would depend on the income which had to be raised from this source, and it is probable that a considerable proportion of the income required to replace octroi could be raised from a house tax without imposing any excessive rate

6 Whatever may be chosen as the backbone of the taxation in any town it will almost certainly be necessary to have supplementary taxation In this connection a real tax on certain specified trades and professions might be considered Used in this way as a supplementary tax and not aiming at producing a very large income it would probably be inadvisable to make it a tax on people classed according to their income, and it would be preferable to have it as a tax at fixed rates on each member of a particular trade or profession Thus each member of one trade would have to pay, say, Rs 10, each member of another trade Rs 15 and so on As the tax however would be merely supplementary to the general tax care would have to be taken that only those classes should be made liable to it who for special reasons may escape more lightly than their fellows from the general tax or who for special reasons ought to contribute more largely in proportion than the generality of the inhabitants

7 Government will further be prepared to consider increases in the tax on vehicles and animals kept within the municipality and as complementary to this the imposition of tolls on vehicles and animals entering the municipality Such taxes should be looked upon mainly as a payment for the upkeep of the roads and their total yield should not as a rule exceed the amount ordinarily spent by the municipality on this service A statement showing the rates at which taxes on vehicles and animals are at present levied is attached

8 The Government is entirely unable to accept the suggestion made by the Municipal Taxation Committee that a special tax should be placed on agricultural land The question has been carefully considered in consultation with the Board of Revenue, and it has been decided that the proposal is open to very serious objection

9 The conclusions set forth above are intended primarily for the guidance of those boards which have been requested to submit before the end of September 1911 proposals for the replacement of octroi But as they indicate the general views of the Government on all the principal taxes, with the exception of the terminal tax, which are likely to be proposed to take the place of octroi, they should be carefully considered by all the municipal boards in the province

I have the honour to be,

SIR,

Your most obedient servant,

R BURN,

Secretary

No $\frac{900}{\text{XI—700D}}$

Copy, with copy of statement, forwarded to all chairmen of municipal boards, United Provinces, for information.

No $\frac{901}{\text{XI—700D}}$

Copy, with copy of statement, also forwarded to all District Magistrates, United Provinces, for information.

By order of the Hon'ble the Lieutenant Governor, United Provinces,

H. G. HAIG,

Under Secretary

Statement showing the rates at which taxes on vehicles and animals are levied.

Municipality	Annual tax on—									
	Motor car.	Four-wheeled carriage.	Two-wheeled carriage.	Private ekka.	Market and the like.	Country cart.	Horse, pony, &c.	Elephant.	Pack bullock and buffalo.	
	Rs.	Rs. a.	Rs. a.	Rs. a.	Rs.	Rs. a.	Rs. a.	Rs.	Rs. a.	
Farrukhabad ..	..	12 0	6 0	3 0	3	1 8	..	..	....	
Etawah ..	3	3 0	1 8	1 8	....	....	....	..	....	
Muzaffarnagar ..	..	....	....	....	....	....	1 0	[o] 8	0 12	The tax on vehicles is levied at the rate of Re. 1 per annum for each horse used in the vehicle.
Gorakhpur	..	[o] 3 0	1 8	1 8	....	....	2 4	..	..	
Benares ..	3	2 0	1 8	1 0	....	..	{2 8 / 1 8}	..	....	The lower rate is charged in the case of horses under 14 hands.
Fatehpur	3	2 0	1 0	1 0	1	1 0	....	[o]	..	
Cawnpore	12	12 0	6 0	3 0	3	3 0	....	..		
Unao ..		3 0	4 0	4 0	..	....	1 0	..	..	
Naini Tal	....	..	..	....	....	....	3 0	..	....	
Allahabad	24	12 0	6 0	3 0	..	..	6 0	....	....	A tax on bicycles, tricycles and children's chaises is levied at the rate of Re. 3 per annum.
Bara Banki ..	..	4 8	2 4	....	..	....	4 8	....	..	
Lucknow ..	9	9 0	4 8	..	....	....	4 8	..	..	Bicycles at Rs 4-8-0 and tricycles at Rs. 6-12-0 per annum each.
Azamgarh	3	3 0	1 8	....	....	....	{3 0 / 1 8}	....	....	The lower rate of tax on a horse is charged when the animal is less than 13.2 hands in height.
Agra ..	3	3 0	4 0	4 0	....	....	..	....	....	
Mussoorie		....	[o] 3 0	....	....	....	4 0	....	..	[o] This is the rate of tax levied on jinrickshaws.
Partabgarh	....	4 0	2 0	1 0	1	1 0	....	..	..	
Jhansi ..	6	6 0	3 0	3 0	....	....	....	....	....	
Rae Bareli	6	6 0	3 0	3 0	....	....	....	....	..	

No $\frac{899}{XI-700D}$ of 1911

From

The Hon'ble Mr R BURN,

Secretary to Government,

United Provinces,

To

All COMMISSIONERS of DIVISIONS,

United Provinces

Dated Allahabad, the 23rd March 1911

Sir,

AL DEPT I am directed to invite attention to resolution no $\frac{694}{XI-700D}$, dated the 7th March 1911, in which the intention of the Lieutenant Governor has been declared to abolish octroi in those municipalities in which the Municipal Taxation Committee considered that it could be replaced by direct taxation It was there suggested that the Government could not endorse all the detailed conclusions of the committee on the subject of particular taxes, and I am now to explain for the information and guidance of the boards which will soon be engaged in considering the best means of replacing octroi what views are held by the Government on the suitability of the various forms of direct taxation

2 The Municipal Taxation Committee considered that the best general substitute for octroi in the smaller towns was a tax on trades and professions, and specifically recommended its introduction in a number of places The particular form of the tax which they recommended is not that which has hitherto been in force in this province The tax, as the name implies, would seem to be in theory intended as a tax on certain professions and trades which for particular reasons might be held justly liable to contribute specially to the municipal income In some cases the tax has been imposed as a virtual composition for octroi on particular commodities, in others as a countervailing excise on articles subject to octroi which are produced within the municipality Where octroi is not in force the tax appears to have been usually treated as a kind of income tax

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principle, no scale and no percentage on which to work The board would be at liberty to impose on a trade any tax it pleased The danger that excessive taxation would be imposed is perhaps not real, but it is extremely probable that the amount fixed would become stereotyped, inasmuch as it could only be charged in an arbitrary manner Moreover the difficulty of fixing the amount of the tax, serious enough in the case of trades, would be still more intensified in the case of the other classes which are to be included Besides this initial objection it has been found impossible to work out any satisfactory rules for assessing such a tax on the lines proposed by the committee, and the Government is forced to the conclusion that the idea of such a tax must be abandoned as impracticable

4 If any tax of this nature is to form the principal substitute for octroi in any town it must be a tax on circumstances and property This has at least the advantage of containing a definite principle. Persons are taxed at a stated percentage on their incomes It is true that the actual assessment lends itself to abuses and that the amount of a person's income is usually a matter of guess work The difficulty of assessing the tax with any approximation to fairness increases in proportion to the size of the town, and the Government would only be prepared to sanction this tax in a small place where the circumstances of individuals are known to everybody

5 The only remaining direct tax which could supply the place of octroi is the house tax This was on the whole condemned by the Municipal Taxation Committee mainly on the ground of its special unpopularity That the tax is unpopular may be admitted That the unpopularity is due to anything inherent in the nature of the tax is extremely doubtful It shares the unpopularity which attaches to all direct taxes, and being almost the only form of direct taxation known in the larger and more articulate municipalities, the feeling against direct taxation in them is concentrated against the house tax It does not appear to have been realized by the committee that a house tax is not a tax *sui generis*, but is merely a rough kind of income tax The theory is that the value of the house in which a person lives is some indication of his circumstances It is true that in India, and particularly in the less prosperous towns, the facts often do not correspond to this theory But the question to be decided in each case is whether this admittedly rough guide to a person s circumstances is more or less satisfactory than the attempt to estimate his income directly as is done in the tax on circumstances and property To suppose that a house tax is a tax on real property, that the house is "available as security for the municipal claim on the occupier,' or that arrears of this tax alone can be recovered by distraint indicates a misconception of the facts Arrears of any tax imposed under the Act can be recovered by the distress and sale of movable property and movable property alone Nor does there seem to be any special reason why a house tax should particularly affect rents. If a certain burden has to be imposed by direct taxation it seems to make no difference whether it is imposed in the form of a house tax or a tax on professions and trades or a tax on circumstances and property The general conclusion therefore is that the question

of imposing a house tax should be looked upon from the point of view of whether it is or is not the most equitable method of assessing the liability of the people of the town So far as the assessment of the actual tax itself is concerned it is hoped before long to modify the law so as to remove the existing inequality between houses which are occupied by their owners and houses which are rented The rate at which the tax would have to be imposed would depend on the income which had to be raised from this source, and it is probable that a considerable proportion of the income required to replace octroi could be raised from a house tax without imposing any excessive rate

6 Whatever may be chosen as the backbone of the taxation in any town it will almost certainly be necessary to have supplementary taxation In this connection a real tax on certain specified trades and professions might be considered Used in this way as a supplementary tax and not aiming at producing a very large income it would probably be inadvisable to make it a tax on people classed according to their income, and it would be preferable to have it as a tax at fixed rates on each member of a particular trade or profession Thus each member of one trade would have to pay, say, Rs 10, each member of another trade Rs 15 and so on As the tax however would be merely supplementary to the general tax care would have to be taken that only those classes should be made liable to it who for special reasons may escape more lightly than their fellows from the general tax or who for special reasons ought to contribute more largely in proportion than the generality of the inhabitants

7 Government will further be prepared to consider increases in the tax on vehicles and animals kept within the municipality and as complementary to this the imposition of tolls on vehicles and animals entering the municipality Such taxes should be looked upon mainly as a payment for the upkeep of the roads and their total yield should not as a rule exceed the amount ordinarily spent by the municipality on this service A statement showing the rates at which taxes on vehicles and animals are at present levied is attached

8 The Government is entirely unable to accept the suggestion made by the Municipal Taxation Committee that a special tax should be placed on agricultural land The question has been carefully considered in consultation with the Board of Revenue, and it has been decided that the proposal is open to very serious objection

9 The conclusions set forth above are intended primarily for the guidance of those boards which have been requested to submit before the end of September 1911 proposals for the replacement of octroi But as they indicate the general views of the Government on all the principal taxes, with the exception of the terminal tax, which are likely to be proposed to take the place of octroi, they should be carefully considered by all the municipal boards in the province

I have the honour to be,

SIR,

Your most obedient servant,

R BURN,

Secretary

No 900
XI—700D

Copy, with copy of statement, forwarded to all chairmen of municipal boards, United Provinces, for information.

No 901
XI—700D

Copy, with copy of statement, also forwarded to all District Magistrates, United Provinces, for information

By order of the Hon'ble the Lieutenant Governor, United Provinces,

H G. HAIG,
Under Secretary

Statement showing the rates at which taxes on vehicles and animals are levied

Municipality	Annual tax on—									
	Motor car.	Four-wheeled carriage.	Two-wheeled carriage.	Private ekka.	Mo[illegible]kit and the like.	Country cart.	Horse, pony, &c.	Elephant.	Pack bullock and buffalo.	
	Rs.	Rs. a.	Rs. a.	Rs. a.	Rs.	Rs. a.	Rs. a.	Rs.	Rs. a.	
Farrukhabad ..	..	12 0	6 0	3 0	3	1 8	...	..	...	
Etawah ..	3	3 0	1 8	1 8	...	...	...	...	...	
Muzaffarnagar ..	..	...	...	...	...	...	1 0	5	0 12	The tax on vehicles is levied at the rate of Re. 1 per annum for each horse used in the vehicle.
Gorakhpur ...	..	3 0	1 8	1 8	...	...	2 4	...	..	
Benares ..	3	3 0	1 8	1 0	...	..	{2 8 / 1 8}	..	...	The lower rate is charged in the case of horses under 14 hands.
Fatehpur ..	3	3 0	1 0	1 0	1	1 0	...	..	..	
Cawnpore ...	12	12 0	6 0	3 0	3	3 0	...	...	...	
Unao ..	..	3 0	4 0	4 0	..	...	1 0	...	...	
Naini Tal ..	...	..	..	..	...	...	3 0	...	...	
Allahabad ...	24	12 0	6 0	3 0	...	...	6 0	...	...	A tax on bicycles, tricycles and children's chaises is levied at the rate of Re. 3 per annum.
Bara Banki ..	..	4 8	2 4	..	...	...	4 8	...	..	
Lucknow	3	9 0	4 8	...	...	...	4 8	..		Bicycles at Rs 4-8-0 and tricycles at Rs. 6-12-0 per annum each.
Azamgarh ..	3	3 0	1 8	...	...	...	{3 0 / 1 8}	..	..	The lower rate of tax on a horse is charged when the animal is less than 12.3 hands in height
Agra ...	3	3 0	4 0	4 0	...	...	...	..	..	...
Mussooree ...	..	...	3 0	...	...	...	4 0	...	..	° This is the rate of tax levied on jinrickshaws.
Partabgarh ...	...	4 0	2 0	1 0	1	1 0	...	...	...	
Jhansi ..	6	6 0	3 0	3 0	...	...	...	...	...	
Rae Bareli ...	3	6 0	3 0	3 0	...	...	...	...	...	

G.R.S 34]

GOVERNMENT OF H. H THE MAHARAJA OF MYSORE

General and Revenue Secretariat.

Office Memorandum.

To

the 27th October 191

The following documents relating to the abolition of Octroi taxation in the Municipalities of the United Provinces are circulated for the information of the undermentioned Municipal Councils. They shall be kept for not more than a fortnight by each Municipal Council and passed on to the next and the last named Municipal Council shall return them to the Secretariat.

1. Report of the Municipal Taxation Committee, United Provinces, 1908-9.
2. Resolution of the Government of the United Provinces thereon. No. 654-XI/700D dated the 7th March 1911.
3. Letter No. 899-XI/700D dated the 23rd March 1911 in the matter addressed to the Commissioners of Divisions, United Provinces, by the Secretary to Government United Provinces

By Order

For Offg. Secretary to Govern.

To

The Municipal Council of the Bangalore city.

- do - Mysore city.

- do - Kolar.

- do - Tumkur.

- do - Hassana

- do -

- do -

GRS 34j

No. 2999 Mub 145-10-12 2271011

GOVERNMENT OF H H THE MAHARAJA OF MYSORE.

General and Revenue Secretariat.

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Office Memorandum.

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3. Letter No 899-XI/700 D of 23rd March 1911 in the matter addressed to the Commissioners, United Provinces, by the Secy to Govt, United Provinces.

By order

Secy

1. The Municipal Council of the Bangalore Cantonment
2 Do Inspector Esq.
3 Do Khan
4 Do Imam Khan
5 Do Inayat Hussain
6 Do Shivaji Rao
7 Do Chikkanna Gowda
8 Do Chikkanna Gowda